

CONTRACT #1
RFS # 309.01-060

Treasury Department

VENDOR:
Sedgwick Claims
Management Services, Inc.

REQUEST: NON-COMPETITIVE AMENDMENT

RECEIVED

MAY 24 2007

FISCAL REVIEW

APPROVED

Commissioner of Finance & Administration

Date:

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.

1) RFS #	309.01-060	
2) State Agency Name :	Tennessee Treasury Department	
EXISTING CONTRACT INFORMATION		
3) Service Caption :	The Contractor provides workers' compensation claims management services to the State. Such services include investigating and determining the compensability of workers' compensation claims filed against the State, and the processing and payment of medical bills related to approved workers' compensation claims.	
4) Contractor :	Sedgwick Claims Management Services, Inc.	
5) Contract #	FA-04-15552	
6) Contract Start Date :	September 1, 2003	
7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	August 31, 2008	
8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$5,252,600	
PROPOSED AMENDMENT INFORMATION		
9) <u>Proposed</u> Amendment #	01	
10) <u>Proposed</u> Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt)	July 23, 2007	
11) <u>Proposed</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	August 31, 2008	
12) <u>Proposed</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$5,300,725	
13) Approval Criteria : (select one)	<input checked="checked" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service :		
The Tennessee Treasury Department is responsible for administering the State's workers' compensation program made available to employees of the State of Tennessee in accordance with Tennessee's general workers' compensation laws. Goals of the program include: (1) rendering compensability decisions to injured State workers within fourteen days of their submission of an accident report form; (2) ensuring that injured State workers throughout the State have reasonable access to and receive prompt, appropriate		

treatments and levels of care from the health care community during their recovery from their injury; (3) providing lost time benefits, which represent salary replacement payments, to injured State workers on a biweekly basis to minimize the financial consequences of their injury; (4) payment of permanent disability benefits; and (5) assisting injured State workers in returning to work at the earliest point possible, consistent with their injury and treatment plan.

To meet these goals, the Treasury Department has been contracting with a third party administrator (TPA) since September 1993 for the delivery of these workers' compensation benefit services. The TPA serves as the focal point of service delivery and is responsible for investigating all workers' compensation claims filed by injured workers and for making determinations as to the compensability of accidents, subject to the Department's oversight. The State's current TPA is Sedgwick Claims Management Services, Inc. The contract with Sedgwick was procured through a request for proposal that was issued in 2003. The term of the contract is from September 1, 2003 through August 31, 2008.

In the majority of workers' compensation claims filed against the State, the employee and the State, through its TPA, are able to reach a mutually agreeable settlement to the claim; however, there are instances where an employee and State will be unable to agree. If the employee and the State are unable to reach an agreement on the terms of the workers' compensation settlement, or if the employee and the State disagree as to whether the employee qualifies for workers' compensation benefits, the employee may file an appeal with the Tennessee Claims Commission. However, for accidents occurring on or after July 1, 2005, state law mandates that a benefit review conference with the Tennessee Department of Labor and Workforce Development, Workers' Compensation Division, be held before a State employee can proceed with an appeal before the Claims Commission. A benefits review conference is a non-adversarial, informal dispute resolution proceeding to mediate and resolve workers' compensation, and is normally held in the county where the employee resides.

In order for the benefits review conference to work, State law mandates that the employee and a representative of the employer knowledgeable about the claim attend and participate in the conference. Although Sedgwick is not contractually obligated to attend or otherwise participate in the conferences on behalf of the State, it has nevertheless been performing this service and at no cost to the State. Sedgwick has been performing this service for free for the last year and a half as an experiment to check the frequency of the conferences and the cost to its company. Due to the number and frequency of the conferences, Sedgwick has advised that it has become cost prohibitive for Sedgwick to do this at no cost.

The Tennessee Treasury Department desires to amend its workers' compensation third party administrator services contract with Sedgwick Claims Management Services, Inc. to include the requirement that Sedgwick, at the Department's request, physically attend and participate in the requisite benefit review conferences/mediations relative to workers' compensation claims that have assigned to Sedgwick by the Department. The proposed cost for this service would be (i) \$178.38 per round trip to attend and participate in mediations scheduled and held during that trip within the eastern division of the State, (ii) \$645.20 per round trip to attend and participate in mediations scheduled and held during that trip within the middle division of the State, and (iii) \$1,036.00 per round trip to attend and participate in mediations scheduled and held during that trip within the western division of the State. The respective cost is more for the middle and western divisions since Sedgwick's offices are located in the eastern division, and Sedgwick would incur more travel expenses and lost time from work by traveling to the middle divisions and western divisions. A detailed estimate of how these amounts were arrived is attached hereto. In addition, any claim on which Sedgwick physically attends a benefits review conference will be considered a lost time claim, which means that the claim will be handled at the conference by a lost time examiner rather than a medical only examiner. A lost time examiner position normally requires a higher degree of education, communication skill, and experience in handling workers' compensation claims than a medical only examiner position. Should the Department elect to attend the mediation itself, then Sedgwick will participate in the mediation via telephone at no cost to the State.

In addition to the above, the Department desires to make a few housekeeping changes to the contract to more clearly reflect that medical and pharmacy payments for workers' compensation claims are subject to the state mandated fee schedule that became effective on July 1, 2005.

15) Explanation of Need for the Proposed Amendment :

As stated under above, state law mandates that a benefit review conference/mediation with the Tennessee Department of Labor and Workforce Development, Workers' Compensation Division be held before a State employee can proceed with a workers' compensation appeal before the Claims Commission.

In order for the benefits review conference to work, the law mandates that the employee and a representative of the employer knowledgeable about the claim attend and participate in the conference. Most (if not all) mediations are held in the county where the employee resides. Since the State's TPA (Sedgwick) was responsible for reviewing, investigating and otherwise handling the workers' compensation claim, it would be more logical and cost effective to have Sedgwick physically attend and participate in the mediations rather than the Department.

16) Name & Address of Contractor's Current Principal Owner(s) :
(not required if proposed contractor is a state education institution)

Sedgwick Claims Management Services is a subsidiary of Sedgwick CMS Holdings and Fidelity National Financial, both of which are publicly traded on the New York Stock Exchange.

17) Documentation of Office for Information Resources Endorsement :
(required only if the subject service involves information technology)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

18) Documentation of Department of Personnel Endorsement :
(required only if the subject service involves training for state employees)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

19) Documentation of State Architect Endorsement :
(required only if the subject service involves construction or real property related services)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

Sedgwick Claims Management Services, Inc. currently serves as the State's third party administrator for the delivery of workers' compensation benefit services. It is responsible for investigating all workers' compensation claims filed by injured State employee workers and for making determinations as to the compensability of such accidents, subject to the Department's oversight. Consequently, amending the contract to require Sedgwick to attend and participate in mediations involving such workers' compensation claims would be a reasonable and logical extension of the services currently being performed under the contract and would be in the best interest of the State.

21) Justification for the Proposed Non-Competitive Amendment :

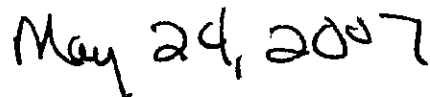
The justification for the non-competitive amendment is that Sedgwick Claims Management Services, Inc. currently provides the third party workers' compensation services on behalf of the State. The provision of these services on behalf of the State is a logical and cost effective extension of the scope of work Sedgwick is currently providing to the State.

REQUESTING AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)



Agency Head Signature



Date

Region	Total Estimated Round trip mileage	Total Mileage	Hotel	Food	Days out of office	Total Days out of office	Labor cost away from office	Total estimated trip cost	Total Estimated Trips	Total Cost
East	75	\$ 33.38	\$0	\$25	0.50	5.00	\$120	\$ 178.38	10	\$ 1,783.75
Central	360	\$ 160.20	\$50	\$75	1.50	30.00	\$360	\$ 645.20	20	\$ 12,904.00
West	800	\$ 356.00	\$100	\$100	2.00	40.00	\$480	\$ 1,036.00	20	\$ 20,720.00
Total						75.00			50	\$ 35,407.75

\$ 708.16 Average cost per trip

Assumptions:

Starting point is Knoxville office

Mileage (IRS) \$0.445

Hotel cost \$100 per night

We attempt to schedule 3-6 BRCs in one trip so for Central region there are at times overnight stays.

Central days out of office - 10 days at 1 day and 10 days at 2 days

261 total working days in a year

\$50 per day for food

Point of Fact:

Pricing is per trip not per mediation

C O N T R A C T S U M M A R Y S H E E T

060706

RFS #	Contract #
309. 01 — 060 — 04	FA — 04 — 15552 —
State Agency	State Agency Division
Tennessee Treasury Department	Division of Claims Administration
Contractor Name	Contractor ID # (FEIN or SSN)
Sedgwick Claims Management Services, Inc.	<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 36-2685608

Service Description

The Contractor provides workers' compensation claims management services to the State. Such services include investigating and determining the compensability of workers' compensation claims filed against the State, and the processing and payment of medical bills related to approved workers' compensation claims.

Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
September 1, 2003	August 31, 2008	Vendor	

Mark Each TRUE Statement

<input checked="" type="checkbox"/> Contractor is on STARS	<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts
--	--

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
313.10	48	083	12		
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2004	\$ 875,433				\$ 875,433
2005	\$1,050,520				\$1,050,520
2006	\$1,050,520				\$1,050,520
2007	\$1,050,520				\$1,050,520
2008	\$1,091,770				\$1,091,770
2009	\$181,962				\$181,962
TOTAL:	\$5,300,725				\$5,300,725

— COMPLETE FOR AMENDMENTS ONLY —			State Agency Fiscal Contact & Telephone #
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Mary Roberts-Krause, General Counsel 10 th Floor, Andrew Jackson Building 741-8202, extension 104 State Agency Budget Officer Approval Funding Certification (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)
2004	\$ 875,433		
2005	\$1,050,520		
2006	\$1,050,520		
2007	\$1,050,520		
2008	\$1,050,520	\$41,250	
2009	\$ 175,087	\$6,875	
TOTAL:	\$5,252,600	\$48,125	
End Date:	August 31, 2008	August 31, 2008	

Contractor Ownership (complete only for base contracts with contract # prefix: FA or GR)

<input type="checkbox"/> African American	<input type="checkbox"/> Person w/ Disability	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business	<input checked="" type="checkbox"/> NOT minority/disadvantaged
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input type="checkbox"/> OTHER minority/disadvantaged—	

Contractor Selection Method (complete for ALL base contracts— N/A to amendments or delegated authorities)

<input type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation	<input type="checkbox"/> Alternative Competitive Method
<input type="checkbox"/> Non-Competitive Negotiation	<input type="checkbox"/> Negotiation w/ Government (e.g., ID, GG, GU)	<input type="checkbox"/> Other

Procurement Process Summary (complete for selection by Alternative Method, Competitive Negotiation, Non-Competitive Negotiation, OR Other)

**AMENDMENT ONE
TO CONTRACT FA-04-15552-00
BETWEEN THE
STATE OF TENNESSEE, DEPARTMENT OF TREASURY
AND
SEDGWICK CLAIMS MANAGEMENT SERVICES, INC.**

This Contract, by and between the State of Tennessee, Department of Treasury, hereinafter referred to as the State, and Sedgwick Claims Management Services, Inc., hereinafter referred to as the Contractor, is hereby amended as follows:

1. Delete Section A.3.b.(1) in its entirety and insert the following in its place:

"b. Claim Adjudication Decisions. (1) The Contractor is authorized to make decisions regarding workers' compensation cases in accordance with Tennessee law, except that the following claims adjudication decisions shall require prior approval of the State:

- (A) denials of the compensability of an accident/injury;
- (B) denials of lost time indemnity benefits;
- (C) approvals to use rehabilitative services;
- (D) approvals of death claims;
- (E) approvals of heart attack/hypertension claims;
- (F) discontinuance of overpayment collection efforts;
- (G) discontinuance of subrogation collection efforts;
- (H) initiations of surveillance/investigation services;
- (I) approvals or denials of National Guard claims; and
- (J) prior to entering into settlement discussions with a claimant/counsel, the Contractor shall obtain the State's approval of the settlement conditions to be proposed. This subdivision (J) shall not apply to proposed permanent disability settlements of \$10,000 or less.

It is understood and agreed that any decision made by the Contractor regarding a workers' compensation case is subject to review and modification by the State."

2. Delete Section A.3.e. in its entirety and insert the following in its place:

"e. Integration with Cost Containment and Medical Management Vendors. The Contractor shall integrate, at its own expense, with vendors who provide cost containment services and medical management services on behalf of the State. Such services include various types of utilization review (such as inpatient, outpatient, and high-tech diagnostic), case management and a preferred provider arrangement. The Contractor acknowledges that pre-established case management guidelines exists with respect to such vendors, as set forth in Attachments 1 and 2, and agrees to work and coordinate with such vendors based upon such guidelines. Specifically, but not by way of limitation, the Contractor shall identify claims which meet those guidelines and make the appropriate vendor referrals. Any referrals for medical management services shall be at the sole discretion of the Contractor."

3. Delete Section A.13.a. in its entirety and insert the following in its place:

"13. Performance Standards.

a. Standards. The Contractor agrees that the following performance standards shall be met or exceeded:

- (1) Eighty percent (80%) of lost time claims shall be decided within fourteen (14) calendar days from the date received by the Contractor;
- (2) Ninety-nine percent (99%) of all medical payments shall have a medical bill in the file to document the charge for which payment was made;
- (3) Ninety-five percent (95%) of all lost time files shall contain a copy of the notice of termination of lost time benefits which was sent to the injured employee's department/agency; and
- (4) Ninety-five percent (95%) of all lost time files must have 3 point contact (employee, employer, physician) within 24 hours of receipt of the claim."

4. Add the following as Section A.16 and renumber any subsequent sections as necessary:

"16. Attendance at Benefit Review Conferences. At the State's request, the Contractor shall physically attend and participate in benefit review conferences held pursuant to Tennessee Code Annotated, Section 50-6-239 relative to workers' compensation claims assigned to the Contractor by the State during the term of this Contract. Any such request shall be documented by the Contractor in the respective workers' compensation claim file. In lieu of requesting the Contractor's physical presence at any such conference, the State may elect to attend the conference itself. In such event, the Contractor shall, at the State's request, participate in the conference by telephone or other State approved electronic means provided the Contractor is given at least two (2) business days' advance notice of the conference."

5. Delete Section C.1. in its entirety and insert the following in its place:

"1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed five million three hundred thousand seven hundred twenty-five dollars (\$5,300,725.00). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract."

6. Delete Section C.3.b. in its entirety and insert the following in its place:

"b. All Other Services. In consideration of all other services to be performed by the Contractor under Section A hereof, the State shall pay the Contractor a fee calculated as follows:

- (1) September 1, 2003 through August 31, 2004. For all claims assigned to the Contractor by the State during the period from September 1, 2003 through August 31, 2004, one hundred twenty-two dollars and no cents (\$122.00) for each medical

only claim and seven hundred one dollars and no cents (\$701.00) for each lost time claim.

- (2) September 1, 2004 through August 31, 2005. For all claims assigned to the Contractor by the State during the period from September 1, 2004 through August 31, 2005, one hundred twenty-six dollars and no cents (\$126.00) for each medical only claim and seven hundred twenty-two dollars and no cents (\$722.00) for each lost time claim.
- (3) September 1, 2005 through August 31, 2006. For all claims assigned to the Contractor by the State during the period from September 1, 2005 through August 31, 2006, one hundred thirty dollars and no cents (\$130.00) for each medical only claim and seven hundred forty-four dollars and no cents (\$744.00) for each lost time claim.
- (4) September 1, 2006 through August 31, 2007. For all claims assigned to the Contractor by the State during the period from September 1, 2006 through August 31, 2007, one hundred thirty-four dollars and no cents (\$134.00) for each medical only claim and seven hundred sixty-six dollars and no cents (\$766.00) for each lost time claim. For physically attending benefit review conferences at the State's request, the Contractor shall be compensated as follows:
 - (i) one hundred seventy-eight dollars and thirty-eight cents (\$178.38) per round trip for all benefit review conferences held within the eastern grand division of the State of Tennessee during such trip;
 - (ii) six hundred forty-five dollars and twenty cents (\$645.20) per round trip for all benefit review conferences held within the middle grand division of the State of Tennessee during such trip; and
 - (iii) one thousand thirty-six dollars and no cents (\$1,036.00) per round trip for all benefit review conferences held within the western grand division of the State of Tennessee during such trip.
- (5) September 1, 2007 through August 31, 2008. For all claims assigned to the Contractor by the State during the period from September 1, 2007 through August 31, 2008, one hundred thirty-eight dollars and no cents (\$138.00) for each medical only claim and seven hundred eighty-nine dollars and no cents (\$789.00) for each lost time claim. For physically attending benefit review conferences at the State's request, the Contractor shall be compensated as follows:
 - (i) one hundred seventy-eight dollars and thirty-eight cents (\$178.38) per round trip for all benefit review conferences held within the eastern grand division of the State of Tennessee during such trip;
 - (ii) six hundred forty-five dollars and twenty cents (\$645.20) per round trip for all benefit review conferences held within the middle grand division of the State of Tennessee during such trip; and
 - (iii) one thousand thirty-six dollars and no cents (\$1,036.00) per round trip for all benefit review conferences held within the western grand division of the State of Tennessee during such trip.
- (6) For the purposes of this Section C.3.b., "grand division" shall be defined as such term is defined in Tennessee Code Annotated, Title 4, Chapter 1, Part 2."

7. Delete Section C.3.c. in its entirety and insert the following in its place:

"c. Definition of Lost Time Claim. "Lost time claim" means a claim filed by an employee who has been absent from work for over seven (7) calendar days by authority of a physician due to an alleged work related injury, any claim involving indemnity payments, or any claim on which the Contractor physically attends a benefits review conference pursuant to Section A.16 above."

8. Delete Section E.2. in its entirety and insert the following in its place:

"2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

The State:

Division of Claims Administration
ATTN: Director
9th Floor, Andrew Jackson State Office Building
500 Deaderick Street
Nashville, Tennessee 37243
Telephone Number: (615) 741-2734
Facsimile Number: (615) 532-4979

The Contractor:

Sedgwick Claims Management Services, Inc.
Risk Management Division
ATTN: Account Executive
P.O. Box 19808
Knoxville, Tennessee 37939-2808
Telephone Number: (865) 558-8300
Facsimile Number: (865) 588-1153

All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service delivery; as of three (3) business days after the date of mailing; or on the day the facsimile transmission is received mechanically by the telefax machine at the receiving location and receipt is verbally confirmed by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission."

9. Delete Section 7 of Attachment 1, which is attached to the Contract and incorporated therein by reference, in its entirety and insert the following in its place:

"7. DCA Oversight

- The DCA will act in an oversight capacity for all claims services.
- The DCA must have on-line computer capacity to review claims daily.
- Documentation on all files must be complete to allow the DCA full knowledge of the claim without the benefit of the hard copy file.
- There will be documentation on all medical only claims to include a minimum description of the accident and injury, why it is compensable, and if an EPO facility was used.
- The TPA will be required to obtain prior approval for the following claims adjudication decisions:

- Denials of the compensability of an accident/injury;
- Denials of lost time indemnity benefits;
- Approvals to use rehabilitative services;
- Approvals of death claims;
- Approvals of heart attack/hypertension claims;
- Discontinuance of overpayment collection efforts;
- Discontinuance of subrogation collection efforts;
- Initiations of surveillance/investigation services;
- Approvals or denials of National Guard claims; and
- Prior to entering into settlement discussions with a claimant/counsel, the TPA will obtain the State's approval of the settlement conditions to be proposed. This provision will not apply if the proposed disability settlement is \$10,000 or less.

Notwithstanding the above, the State may authorize the TPA to approve certain classes of claims without the necessity of obtaining the prior approval of the State. Any such authorization will be in writing and set forth the classes of claims involved.

- The DCA will conduct on-site case file audits at least every six (6) months at the TPA's office.
- The DCA will issue a report of the audit findings. The TPA will review and respond in writing to each finding."

10. Delete Section 8 of Attachment 1, which is attached to the Contract and incorporated therein by reference, in its entirety and insert the following in its place:

"8. EPO Bill Paying Process

- The current TPA pays approximately 1,700 bills per month.
- Medical bills are mailed/faxed to the TPA from the provider or claimant.
- Bills are reviewed by the appropriate adjuster to determine relatedness to the claim. That determination must be based on relevant medical records.
- If applicable, adjuster will return the bill with a request for medical records.
- Approved bills are forwarded by TPA to the State's managed care vendor for repricing in accordance with the State of Tennessee's state mandated fee schedule and any other applicable discounts.
- Upon return of a repriced bill, the TPA adjuster will promptly process payment."

11. Delete Attachment 2, which is attached to the Contract and incorporated therein by reference, and substitute in its place the new Attachment 2, which is attached hereto and incorporated herein by reference.

- The other terms and conditions of this Contract not amended hereby shall remain in full force and effect.

(Typed or Printed Name and Title)

Date _____

Date _____

Date _____


ATTACHMENT 2

CASE MANAGEMENT GUIDELINES

Medical Management Service	Criteria
1. Preadmission Certification/Continued Stay Review	The TPA will notify the state's medical management vendor of any hospital admission or proposed admission via toll-free number or telefax. The TPA may, at its discretion, have outpatient procedures precertified.
2. Ambulatory Care Review (i.e., physical therapy, chiropractic or otherwise) / Continued Treatment Review	At its discretion, the TPA will notify the state's medical management vendor of the need for ambulatory review based upon the treatments involved, and the amount of the medical expenses, or, in the case of psychiatric treatment, immediately upon request of the treatment.
3. High Tech Diagnostic Procedures Review	At its discretion, the TPA will notify the state's medical management vendor of proposed high tech diagnostic procedures needing precertification via toll-free number or telefax. High tech diagnostic procedures include, but are not limited to, CT scans involving head or spine, and all MRIs.
4. Discharge Planning	The TPA will be responsible for giving approval to the state's medical management vendor to proceed with discharge planning activity.
5. Large Case and Rehabilitation Management	<p>At its discretion, the TPA will notify the state's medical management vendor of the need for large case management based on the following guidelines:</p> <ul style="list-style-type: none"> • fractures or dislocations which involve a major joint area; • crush injuries; • major amputations; • head injuries requiring hospitalization; • injuries resulting in paralysis; • 2nd or 3rd degree burns on 25% or more of the body; • catastrophic injuries. • cervical, thoracic, lumbar disc disorders when surgery is required. • injuries exceeding 30 days lost time. <p>The TPA will forward the first report of injury and any other available medicals to the medical management vendor.</p>
6. Outpatient Procedure Review	The TPA will notify the state's medical

	management vendor of the need for outpatient case review as determined in the TPA's sole discretion for back and neck disorders (if not returned to work in two (2) weeks), carpal tunnel syndrome or stress related disorders.
7. Pharmacy Bill Audit	The TPA will forward to the state's medical management vendor any pharmacy bill which the TPA believes may require a Pharmacy Bill Audit.
8. Hospital Bill Review	The TPA will forward to the state's medical management vendor any hospital bill which the TPA believes may require a Hospital Bill Review.
9. On-site Case Management	On-site case management services may be performed at the request of the state, the TPA or the state's medical management vendor. All requests for on-site case management shall be approved by the state.
10. Retrospective Review	At its discretion, the TPA will notify the state's medical management vendor of the need for retrospective review based upon questions regarding the appropriateness of treatment already rendered.

ATTACHMENT 3

CERTIFICATE OF LIABILITY INSURANCE					DATE (MM/DD/YYYY) 1/9/2007	
PRODUCER Willis of Florida 3000 Bayport Drive, Suite 300 Tampa FL 33607			THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.			
INSURED Sedgwick Claims Management Services, Inc. 1100 Ridgeway Loop Road, Memphis, TN 38120			INSURERS AFFORDING COVERAGE INSURER A: National Union Fire Insurance Company		NAIC# 19445	
			INSURER B:			
			INSURER C:			
			INSURER D:			
			INSURER E:			
COVERAGES THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, CONDITIONS AND EXCLUSIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.						
INSR LTR	ADDL INFO	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
		GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR GENERAL AGGREGATE LIMIT APPLIES TO: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO. JECT <input type="checkbox"/> LOG				EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea. occurrence) \$ MEDICAL EXP. (Accident/ Sickness) \$ PERSONAL & ADV. INJURY \$ GENERAL AGGREGATE \$ PRODUCTS COMP. / O.R.G.G. \$
		AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON OWNED AUTOS				COMBINED SINGLE LIMIT (Ea. accident) \$ BODILY INJURY (Per Person) \$ BODILY INJURY (Per Accident) \$ PROPERTY DAMAGE (Per accident) \$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC \$ AUTO ONLY - AGG \$
		EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE \$ RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETORSHIP PARTNERSHIP EXECUTIVE OFFICER MEMBER EXCLUDED? Yes, describe under SPECIAL PROVISIONS below OTHER				WC STATUTORY LIMITS <input type="checkbox"/> OTHER <input type="checkbox"/> E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT
A		Errors and Omissions	006737017	09/30/2006	09/30/2007	Limit Per Claim \$15,000,000 Annual Aggregate \$15,000,000
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS Evidence of Errors & Omissions Insurance for all locations and operations of Sedgwick Claims Management Services, Inc.						
CERTIFICATE HOLDER State of Georgia Commissioner of Insurance 7 th Floor, West Tower/Floyd Bldg. 2 Martin Luther King Jr. Drive Atlanta, GA 30334			CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE 			

APPENDIX 1

Pursuant to Section E.9 of the Contract between the State of Tennessee, Department of Treasury, hereinafter referred to as the "State" and Sedgwick Claims Management Services, Inc., hereinafter referred to as the "Contractor", each party has outlined below the individuals from whom the other party is authorized to accept any notices, requests, demands, or other advice which may be given under the Contract. This Appendix shall be valid until revoked or amended by further written notice. The parties shall only be entitled to rely on notices, requests, demands, or other advice given by such individuals.

AUTHORIZED INDIVIDUALS OF STATE

<u>Authorized Individual</u>	<u>Position</u>
Anne Adams	Director of Division of Claims Admin.
Monica Fuqua	Senior Claims Examiner
Mary Roberts-Krause	General Counsel
Vernon Bush	Staff Attorney
Larissa Dills	Executive Secretary
Steve Curry	Assistant to the Treasurer
Attorneys employed with the Office of the Attorney General and Reporter	
Attorneys employed with the University of Tennessee	
For purposes of Section A.15, the State's Information Systems Operations Group	

The individuals listed above, auditors employed by the state of Tennessee, and the following individuals are authorized to make inquires concerning Claims Payment and Reconciliation Process.

<u>Authorized Individual</u>	<u>Position</u>
Kim Morrow	Director of Accounting
Connie Gibson	Assistant Director of Accounting
Kimberly Whaley	Manager
Linda Baker	Accounting Technician II
All State department and agency designated workers' compensation contacts or their authorized representatives.	

Date Effective

Dale Sims, State Treasurer

AUTHORIZED INDIVIDUALS OF CONTRACTOR

<u>Authorized Individual</u>	<u>Position</u>
Steve Penman	Director of Field Operations
Kimberly Brown	Corporate Counsel
Anthony Pullen	Operations Manager
Kathy Dawson	Supervisor
Audrey Morgan	Account Executive

Date Effective

(Signature and Title of Authorized Officer)

CONTRACT SUMMARY SHEET

RFS Number:	309.01-060	Contract Number:	FA- <i>04-13552-W</i>
State Agency:	Tennessee Treasury Department	Division:	Claims Administration
Contractor		Contractor Identification Number	
Sedgwick Claims Management Services, Inc.		<input checked="" type="checkbox"/> V- <input type="checkbox"/> C-	36-2685608

Service Description

The Contractor will provide workers' compensation claims management services to the State. Such services will include investigating and determining the compensability of workers' compensation claims filed against the State of Tennessee, and the processing and payment of medical bills related to approved workers' compensation claims.

Contract Begin Date				Contract End Date			
September 1, 2003				August 31, 2008			
Allotment Code	Cost Center	Object Code	Fund	Grant	Grant Code	Subgrant Code	
313.10	57	083	12	<input type="checkbox"/> on STARS			
FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (Including ALL amendments)		
2004	\$ 875,433				\$ 875,433		
2005	\$1,050,520				\$1,050,520		
2006	\$1,050,520				\$1,050,520		
2007	\$1,050,520				\$1,050,520		
2008	\$1,050,520				\$1,050,520		
2009	\$ 175,087				\$ 175,087		
Total:	\$5,252,600				\$5,252,600		

CFDA #		Check the box ONLY if the answer is YES:	
State Fiscal Contact		Is the Contractor a SUBRECIPIENT? (per OMB A-133)	
Name:	Mary Roberts-Krause, General Counsel	Is the Contractor a VENDOR? (per OMB A-133)	✓
Address:	10 th Floor, Andrew Jackson Building	Is the Fiscal Year Funding STRICTLY LIMITED?	
Phone:	Nashville, Tennessee 37243-0230 (615) 741-8202, extension 104	Is the Contractor on STARS?	✓
Procuring Agency Budget Officer Approval Signature		Is the Contractor's FORM W-9 ATTACHED?	
<i>Mary Roberts-Krause</i>		Is the Contractor's Form W-9 Filed with Accounts?	✓

COMPLETE FOR ALL AMENDMENTS (only)

	Base Contract & Prior Amendments	This Amendment ONLY
END DATE →		
FY:		
FY:		
FY:		
FY:		
FY:		
Total:		

Funding Certification

Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.

PROCESSED
AUG 19 2008
OF ACCOUNTS

RECEIVED
AUG - 7 AM 9:49
OFFICE OF
MANAGEMENT SERVICES